News Highlights.

- The Indian tea industry is asking to reduce the import duty on tea, to improve the quality of domestic produce. Input quality of raw material is declining and prices reach an all time high at the auction as the tea gardens and planters enjoy high import duty on imported teas (100 per cent import duty along with an additional 4 per cent countervailing duty).

- Tea sources from countries like Kenya, China or Argentina have similar or better taste than some of the Indian origin teas. The tea packaging industry in India is looking forward to an elimination of all import duties on imported teas in order to give access to better and more competitive input raw materials from around the world. Such a move will be welcomed by the nation as India is primarily a tea drinking nation (market size of around Rs. 10,000 crores).

- During the last few days, temperature has been declining in the Nilgiris with night temperatures being single digit to minus four degree Celsius. However lower temperatures have helped to enhance the 'winter characteristics' of high-grown Nilgiris winter tea especially the green, orthodox and speciality varieties which sell at a premium in the domestic and export market. According to industry sources, there is increased demand for the winter speciality tea like Avataa Virgin (mild), Avataa Twirl (medium) and Avataa Long Ding Green tea (strong), White Tea, Oolong tea and Silver Tips, which are priced on average at Rs.4,000-6,000/kg.

- India is likely to produce a record output of 1230 million kg of tea in the calendar year 2016 according to official sources compared to 1209 million kg in 2015. In the first eleven months of the calendar year 2016 till November, production of tea in North India increased by 41.44 per cent to 979.84 million kg according to the data released by the Tea Board Of India. Production of tea in South India declined by 16.40 million kg to 196.57 million kg during the same period.

- Global output of black tea increased to 1905.13 mkg in 2016 compared to 1853.52 mkg in 2015. Output increased following increase of 73.70 mkg in Kenya where production increased from 352.82 mkg to 426.12 mkg and Bangladesh recorded an increase of 15.01 mkg at 68.78 mkg. Indian production up to October 2016 increased by 8.72 mkg to reach 1049.31 mkg. This helped in offsetting lower production in Sri Lanka, Uganda and Tanzania.

- The Kenya Tea Development Agency (KTDA) has found new markets for tea in Iran and Russia after the United Nations lifted a 10-year embargo. Kenya will continue expanding the orthodox tea market in the coming years. Currently the production of orthodox tea is not sufficient to meet the new market demand. The Iran and Russian markets require at least 10 to 12 million kilogrammes of orthodox tea while Kenya only produces three per cent of the tea from three factories in the country.

- The Farmers Field School Programme, a three-year programme is a collaboration between the Kenyan Tea Development Agency, Unilever and the Sustainable Trade Initiative at a cost of Sh140 million. More than 85,000 small-scale tea farmers have benefited from this program.me. It is designed to improve tea output and equip farmers with other income generating skills by diversifying to other crops and livestock.

Domestic Trade Scenario:

Indian Tea Auctions

Kolkata Tea Auction: Sale No: 04 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	130.74	25,88,000	18,22,000
ORTHODOX	164.17	9,63,000	6,72,000
DARJEELING	-	-	-
DUST	133.56	9,40,000	7,12,000

(Source: Parcon)

Prices noticed weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand for quality tea and fair for the remaining varieties. Good Sorts noticed steady tone. Buying interest was noticed from Hindustan Unilever Limited and Tata Global. In the Orthodox variety, there was fair demand in the market. There was some enquiry from Middle-East and CIS countries. Prices are likely to witness easy tone in the coming days.

Guwahati Tea Auction: Sale No: 03 (Price in Rs./kg)

Guwahati	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC	116.05	45,69,000	27,80,000
Dust	126.22	15,03,000	10,90,000

(Source: Associated Brokers)

Prices noticed mixed tone during the week. Quantity offered on sale declined during the week compared to previous week. There was less demand for CTC Leaf and prices declined in line with quality. Buying interest was noticed from internal buyers and packeteers. Prices are likely to witness easy tone in the near –term.

Siliguri Tea Auction: Sale No: 03 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Leaf	114.06	41,26,000	26,78,000
CTC Dust	109.87	4,09,000	3,40,000

(Source: Associated Brokers)

Prices noticed weak tone during the week. Quantity offered on sale declined during the week compared to previous week. There was good demand for Dust variety and fair demand for Leaf variety. Prices declined in line with quality. There was some demand from the blenders and exporters. Prices are likely to notice range –bound to weak tone in the coming days.

Jalpaiguri Tea Auction: Sale No: 04 (Price in Rs./kg)

Variety	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	-	-	-
CTC Leaf	-	-	-

(Source: Jalpaiguri Tea Auction Committee)

There was no auction at Jalpaiguri during the week.

Cochin Tea Auction: Sale No: 04 (Price in Rs./kg)

Cochin	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	122.52	818730.00	705040.00
CTC Leaf	108.17	63635.00	56379.00
Orthodox Dust	95.81	15991.00	9849.00
Orthodox Leaf	143.11	162499.00	98044.00

(Source: Paramount Marketing, Coimbatore)

Prices noticed firm tone during the week. Quantity offered on sale declined during the week compared to previous week. Good demand from the blenders and the loose tea buyers supported the market. Prices are likely to witness positive tone in the coming week.

Coimbatore Tea Auction: Sale No: 04 (Price in Rs./kg)

Coimbatore	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	110.77	228941.00	218034.00
CTC Leaf	105.80	127404.00	90646.00
Orthodox Dust	101.21	12738.00	12042.00
Orthodox Leaf	116.01	7559.00	6803.00

(Source: Paramount Marketing, Coimbatore)

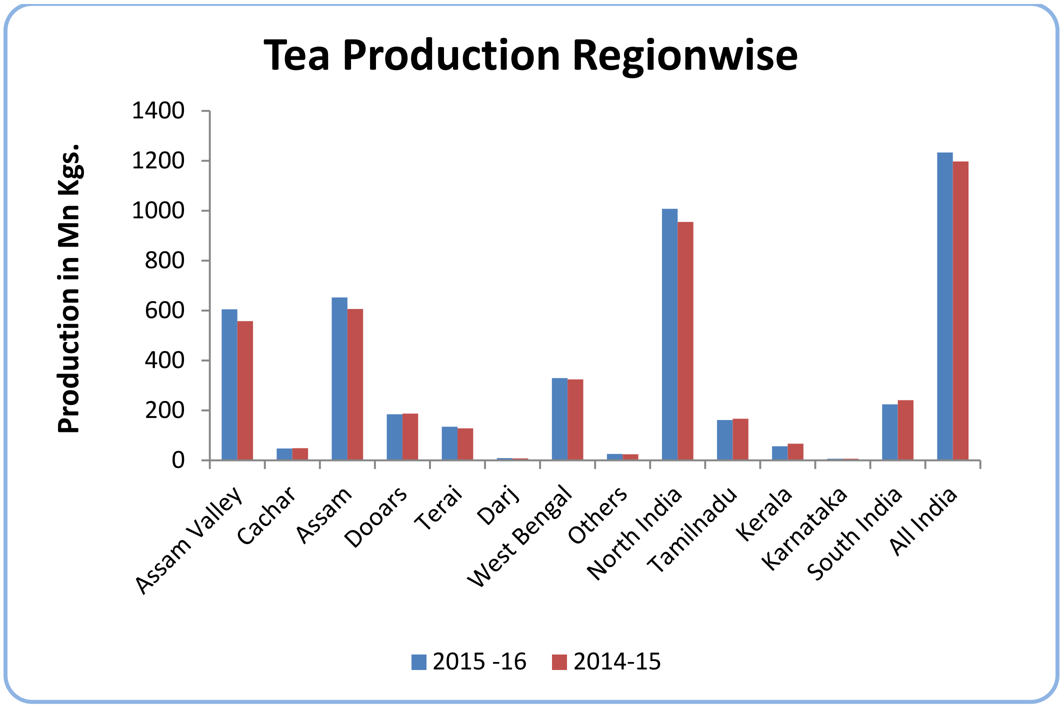
Prices witnessed positive tone during the week. Quantity offered on sale declined during the week compared to previous week. Good demand for quality leaf lent support to the market. Prices are likely to notice firm tone in the near –term.

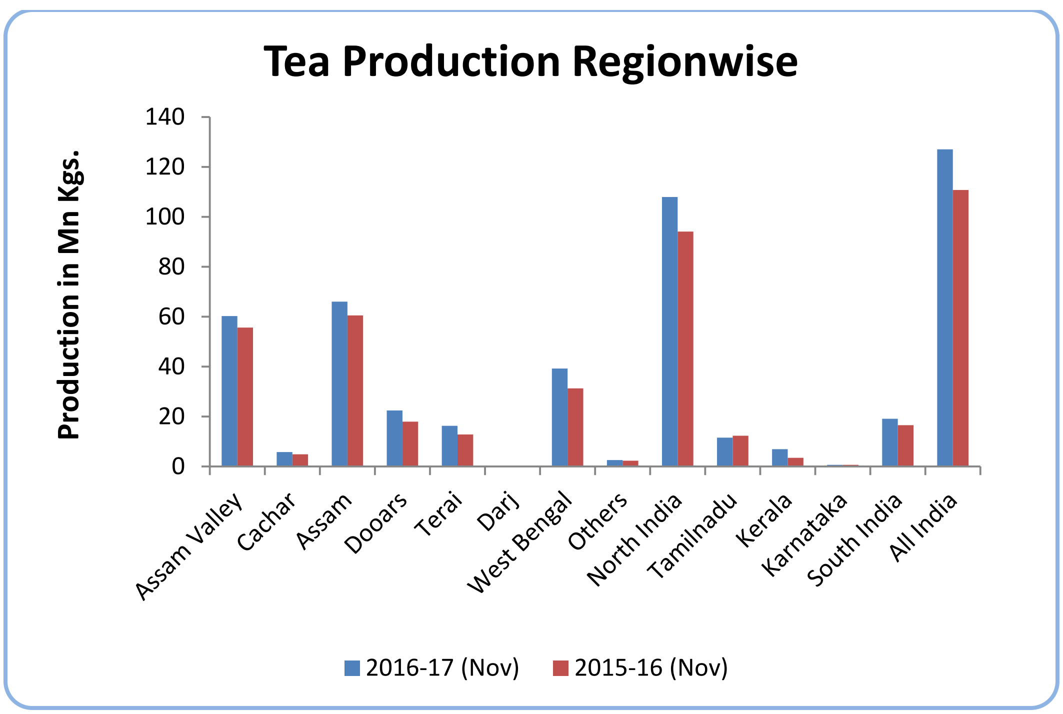
Coonoor Tea Auction: Sale No: 04 (Price in Rs./kg)

Coonoor	Avg. Price	Total Offerings (Kgs)	Total Sold (Kgs)
CTC Dust	108.45	307390.00	294947.00
CTC Leaf	103.39	656526.00	517283.00
Orthodox Dust	110.55	38608.00	32758.00
Orthodox Leaf	125.23	39995.00	26731.40

(Source: Paramount Marketing, Coimbatore)

Prices noticed weak tone during the week except slight firmness in Orthodox Leaf variety. Quantity offered on sale increased during the week compared to previous week. Good demand for Leaf variety from the exporters supported the market. Prices are likely to notice range –bound to firm tone in the coming days.





(Source: Tea Board)

The above graph shows region wise production comparison, between 2016-17 and 2015-16 during the last two years and in the month of November in comparison with to previous year. In the year 2015 (Jan –Dec), production declined by 1.3% to 1191.10 million kg mainly on account of lower in production in Assam. In the previous year in the month of November, production of tea in India increased by 14.73% to 127.10 million kg in comparison to the same corresponding period last year following owing to good plucking in the growing regions.

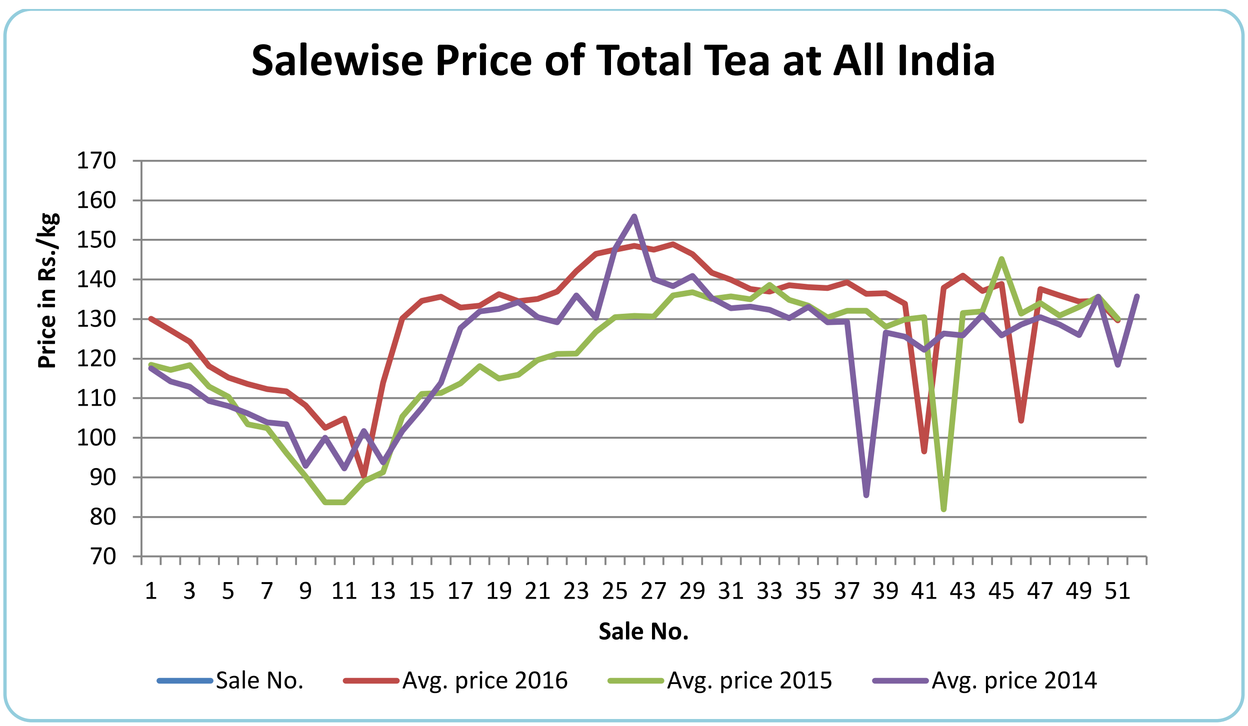
REGIONWISE QUARTERLY EXPORTS:

(Qty In M.Kgs, Value in Rs. Crs, Unit Price in Rs./kg)

		North India			South India		All India		
	Qty	**Value**	**Unit Price**	**Qty**	**Value**	**Unit Price**	**Qty**	**Value**	**Unit Price**
2016 (Jan to Nov)*	116.97	2658.81	227.31	80.04	1258.16	157.19	197.01	3916.97	198.82
2015 (Jan to Nov)	114.14	2652.87	232.42	87.98	1189.83	135.24	202.12	3842.70	190.12
Incr/decr in %	2.48	0.22	-2.20	-9.02	5.74	16.23	-2.53	1.93	4.58
2016-17 (Apr-Nov)*	84.42	1977.20	234.21	57.21	934.10	163.28	141.63	2911.30	205.56
2015-16 (Apr-Nov)	86.37	2083.56	241.24	64.63	891.28	137.90	151.00	2974.84	197.01
Incr/decr in %	-2.26	-5.10	-2.91	-11.48	4.80	18.40	-6.21	-2.14	4.34

*Provisional, subject to revision.

Source: Tea Board Of India



The above graph shows the All India price comparison of All Teas at All India in 2014, 2015 and 2016. Currently the average prices of all tea are lower compared to previous year amid new crop arrival in the domestic market. Prices have declined during the week compared to previous week amid lack of good demand in the domestic and export market.

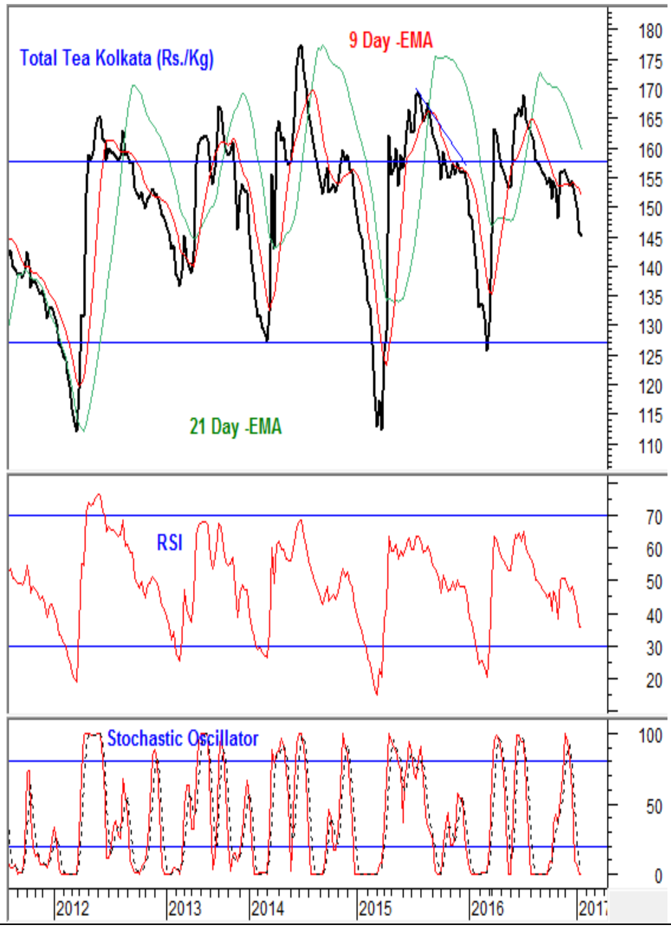
Weekly Average Prices at Indian Auction Centers for week ending 2017-01-21

Variety	Kolkata	Guwahati	Siliguri	Jalpaiguri	Cochin	Coonoor	Coimbatore	Tea Serve
CTC All Dust	138.95(131.62)	118.20(115 .34)	113.58(116.51)	NS(NS)	119.11(119.64)	106.54(96 .80)	108.30(97.91)	100.75(78 .17)
Total Tea	144.37(134.99)	118.39(115 .43)	113.58(116.51)	NS(NS)	121.75(122.57)	107.29(97 .05)	108.54(97.61)	100.75(78 .13)

(Figure in brackets denote prices during the same corresponding period in the previous year)

Variety	North India	South India	All India
CTC All Dust	123.01 (120.22)	111.18 (102.91)	120.74 (116.92)
Total Tea	125.72 (121.42)	112.90 (105.16)	123.22 (118.14)

(Source: Tea Board)

Tea – Technical Outlook	Total Tea -Kolkata
Technical Commentary: Tea prices noticed weak tone during the week. Prices are holding below 9 –Day and 21 –Day EMA and are likely to continue the easy tone in the medium – term. RSI is declining in the neutral region denoting weakness in the coming days. ***The tea prices are likely to decline towards 130 levels in the coming days. Traders can wait for better buying levels for their medium –term requirement.***	

Strategy: Buy On Near –Term Weakness

Weekly Supports & Resistances		S1	S2	PCP	R1	R2
Total Tea	Kolkata	130.00	120.00	144.37	180.00	200.00

International Trade Scenario:

Srilanka Tea Auction (Colombo): Sale No: 04 (Price in Srilankan Rs./kg)

	BOP	BOPF
Good Westerns	740 - 860	720 - 960
Average Westerns	680 - 720	660 - 700
Plainer Westerns	630 - 670	580 - 650
Western Mediums	560 - 770	550 - 690
Uva Teas	620 - 670	520 - 680
Nuwara Eliya Teas	520 - 600	540 - 660
Udapussellawa Teas	560 - 650	570 - 690
CTC (BP1 and PF1)	385 - 600	470 - 670

In this week's auction, 7.70 million kgs of tea was offered for sale compared to 5.03 million kgs of tea during the previous week. There was good demand for Select Best teas during the week. Better western BOP's and BOPF's noticed weak tone. High Grown and Mid Grown CTC's noticed firm tone and Low Grown CTC's witnessed steady to positive tone during the week. There was good demand for liquoring leafy teas.

In the leaf category, Better PEK/PEK1's and a few bolder types noticed steady to positive tone. In the Tippy catalogues, better made FBOP and FF1's witnessed easy tone during the week. The below best and plainer variety noticed firm tone during the week. There was some demand from Russia, Syria,Turkey, Saudi Arabia and Iran.

DETAILS OF TEAS AWAITING SALE

AUCTION NO.	06		05		04	
Dates	07th / 08th Feb 2017 No. of Lots	No. of Kgs	31st Jan/01st Feb 2017 No. of Lots	No. of Kgs	24th/25th January 2017 No. of Lots	No. of Kgs
Ex Estate	716	746,710 kg	888	1,031,200 kg	1,045	1,223,430 kg
Main Sale Total	9,543	4,978,212 kg	11,241	6,083,557 kg	11,320	6,479,833 kg
High & Medium	909	416,002 kg	1,147	547,206 kg	1,434	776,634 kg
Low Growns Leafy Tippy	3,624 2,082	1,693,399 kg 1,200,596 kg	4,280 2,557	2,114,974 kg 1,539,239 kg	3,922 2,387	1,977,935 kg 1,445,318 kg
Premium/Flowery	452	89,971 kg	611	131,907 kg	544	123,161 kg
Off Grades	1,966	1,107,708 kg	2,115	1,226,997 kg	2,346	1,427,845 kg
Dust	510	470,536 kg	531	523,234 kg	687	728,940 kg
Grand Total	10,259	5,724,922 kg	12,129	7,114,757 kg	12,365	7,703,263 kg
Reprints	344	168,228 kg	322	167,233 kg	331	176,415 kg
Scheduled to Close (Ex) Dates (Ms)		19.01.17 20.01.17		13.01.17 13.01.17		05.01.17 06.01.17

Scheduled Closing Dates

Auction No. 05 : 31st Jan/01st Feb 2017

Ex Estate : 13.01.2017

Main Sale : 13.01.2017

Auction No. 06 : 07th/08th Feb 2017

Ex Estate : 19.01.2017

Main Sale : 20.01.2017

Auction No. 07 : 14th/15th Feb 2017

Ex Estate : 26.01.2017

Main Sale : 27.01.2017

Auction No. 08 : 21st / 22nd Feb 2017

Ex Estate : 02.02.2017

Main Sale : 03.02.2017

(Source: John Keells Tea Brokers)

Kenya Tea Auction (Mombasa): Sale No: 04

AUCTION AVERAGE PRICE

AUCTION	KENYA 2016	KENYA 2017	TOTAL 2016	TOTAL 2017
02	$ 2.66	$ 2.88	$ 2.51	$ 2.68
03	$ 2.73	$ 3.08	$ 2.58	$ 2.86
04	$ 2.60	$ 3.13	$ 2.47	$ 2.93

QUOTATIONS	BROKENS	FANNINGS	
Best	495 – 644	638 - 730	
Good	470 – 562	623 - 676	
Good Medium	467 – 564	578 - 679	
Medium	452 – 518	460 – 570	
Lower Medium	252 – 445	317 - 445	
Plain	209 – 377	212 - 380	(SL RUPEES)

During the week good demand was noticed for 8,890,671 kilos of tea on offer. Brighter DUST1s were firm to USC10 lower with mediums were firm to USC12 lower. Lower Mediums were USC9 to USC20 higher. Prices of Brighter BP1's were firm to USC24 lower. Other varieties like Brighter Pdusts, Lower Medium PF1's noticed mixed tone during the week.

In the secondary catalogues, BP's and PF's witnessed positive tone during the week. Well sorted clean coloury Fannings and Dusts noticed firm tone during the week. Other Fannings and BMF's noticed positive tone. There was good demand from Pakistan packers, Sudan and Egyptian packers. There was some demand from Kazakhstan, Yemen, Russia, Middle –East, Iran and other CIS countries. Somalia was active around lower levels of the market.

(Source: Africa Tea Brokers)

Indonesia Tea Auction (Jakarta): Sale No: 46

ORTHODOX	OFFERED		SOLD		%
PTPN ESTATE	9.540	503.820 Kg	8.500	448.100 Kg	88.94
PRIVATE ESTATE	---	--- Kg	---	--- Kg	---,--
TOTAL	9.540	503.820 Kg	8.500	448.100 Kg	88.94
C.T.C	**OFFERED**		**SOLD**		**%**
PTPN ESTATE	2.200	120.760 Kg	2.020	112.060 Kg	92.80
PRIVATE ESTATE	---	---- Kg	---	--- Kg	--,--
TOTAL	2.200	120.760 Kg	2.020	112.060 Kg	92.80
GRAND TOTAL	11.740	624.580 Kg	10.520	560.160 Kg	89.69

(Prices in US cents/kg)

Orthodox First Grades						
BOP.I	BOP	BOPF	PF	DUST	BT	BP
176-222	142-195	125-165	108-184	118-190	104-120	260

Orthodox Secondary Grades				
PF.II	DUST.II	BT.II	BP.II	DUST.III
104-144	123-138	101-112	-	125-135

CTC First and Secondary Grades						
BP.1	PF.1	PD	D.1	FANN	D.2	FNGS2
150-160	131-163	136-163	154-232	106-156	117-162	-

Market offerings declined to 11,740 paper sacks from 12,260 paper sacks. There was good demand in the market. Average price increased to USDcts 138.28 instead of USDcts 138.12 during last week’s auction. Average price of Orthodox variety increased to USDcts 137.64 and average price of CTC declined to USDcts 141.26. Secondary variety and Fannings noticed mixed tone. Quantity sold increased to 89.69% during the period compared to 71.12% during last auction.

OFFERING FOR THE NEXT AUCTION

PRODUCER	Orthodox		C.T.C	
	30/11/16	7/12/16	30/11/16	7/12/16
PTPN. IV	520 S	840 S	-	-
PTPN. VI	200 S	160 S	300 S	200 S
PTPN. VII	700 S	760 S	200 S	400 S
PTPN. VIII	6.380 S	6.640 S	1.240 S	900 S
PTPN. IX	480 S	360 S	-	-
PTPN. XII	- S	- S	540 S	340 S
Total Estate	8.280 S	8.760 S	2.280 S	1.840 S
PP. London Sumatera	- S	440 S	- S	- S
Total Private	- S	440 S	- S	- S
Grand Total	8.280 S	9.200 S	2.280 S	1.840 S

(Source: TEH)

Bangladesh Tea Auction (Chittagong): Sale No: 38
(In Taka/kg)

QUOTATIONS	BROKENS		FANNINGS
Large/Bold	130-140	Best	185-200
Medium	140-150	Good	175-180
Small	150-160	Medium	145-155
Plain	80-90	Plain	85-100

Tea prices at Bangladesh tea auction noticed weak tone amid less demand for lower quality tea on offer. The average price of tea during this week's auction was around USD 2.13/kg. Around 2.70 million kg of tea was offered for sale and nearly 39 percent remained unsold.

There was some demand from blenders and loose buyers. 43,292 packages of CTC Leaf noticed fair demand. 6,137 and 26 packages of CTC Dust of old season noticed fair demand. In CTC Dust, good liquoring varieties noticed steady tone and medium levels witnessed easy tone. Good liquoring Broken varieties noticed weak tone in the market. Good liquoring varieties in fannings noticed weak tone during the week. Good liquoring Dusts noticed firm tone during the week.

(Source: National Brokers Limited)

WORLD CROP STATISTICS IN (Mn/kgs)

Country	MONTH	2016	2015	CUMULATIVE	2016	2015	CUMULATIVE + INC./-DEC.
Sri Lanka	December	27.08	23.61	Up to December	292.36	328.77	- 36.41
North India	November	*107.93	94.18	Up to November	* 979.84	938.40	+ 41.44
South India	November	* 19.17	16.60	Up to November	* 196.57	212.97	- 16.40
Kenya	November	39.90	40.38	Up to November	427.90	352.82	+ 75.08
Bangladesh	November	8.8	7.8	Up to November	77.6	61.7	+ 15.9
Malawi	October	1.4	1.0	Up to October	36.8	34.9	+ 1.9

* Estimated

(Source: John Keells Tea Brokers)

Global output of black tea increased to 1905.13 mkg in 2016 compared to 1853.52 mkg in 2015. Output increased following increase of 73.70 mkg in Kenya where production increased from 352.82 mkg to 426.12 mkg and Bangladesh recorded an increase of 15.01 mkg at 68.78 mkg. Indian production up to October 2016 increased by 8.72 mkg to reach 1049.31 mkg. This helped in offsetting lower production in Sri Lanka, Uganda and Tanzania. In Sri Lanka, production of tea has declined by 36.41 million kgs. to 292.36 million kgs. till December 2016 compared to same corresponding period in 2015. In North India, production has increased by nearly 4.42% and in South India, production has declined by 7.70% respectively till No 2016. Lack of sufficient rainfall has affected production in South India.

Currency	27-01-2017	20-01-2017
USD	68.07	68.08
Srilankan Rupee	0.4505	0.4536
Indonesian Rupiah	0.0051	0.0051
Kenyan Shilling	0.6546	0.6559
Bangladeshi Taka	0.8563	0.8597

Overall Outlook and Recommendation:

In the domestic market, prices noticed mixed tone. Quantity offered on sale declined during the week compared to previous week. In North India, there was not much demand around current levels. Arrivals are lower as most of the factories remain closed for maintenance work. In South India, good demand for quality leaf lend support to the market. There was some enquiry from the exporters adding to the positive tone of the market. Prices are likely to notice range –bound to firm tone in the coming week.

In the global market, prices noticed range –bound to weak tone during the week. Quantity offered on sale increased during the week compared to previous week. At Bangladesh tea auction, there was not much demand for the quality of tea on offer. In Sri Lanka, production has touched seven year low in 2016. The future offering of tea is likely to increase at Sri Lankan tea auction in the coming week. Prices are likely to notice range –bound to weak tone in the near -term.